

Consumer Federation of America NEWS

WASHINGTON, DC

July / August 1979

CFA Sues To Save Independent Oil Check

On July 3, 1979, CFA and the National Treasury Employees' Union (NTEU) brought suit in the United States District Court for the District of Columbia, to block implementation of the Customs Services' Manual Supplement, which reduces Customs' inspection of imported petroleum from 100% to 5%. In the name of "economy" the U.S. Customs Service ordered a change in its long-standing policy of requiring the monitoring of *all* imported petroleum. CFA claims that the June 12th decision was made without notice to the public in violation of the Administration Procedures Act.

Customs' decision flies in the face of two principles and commitments verbally embraced by the Carter Administration: 1) a commitment to the independent collection of petroleum data and 2) a commitment to open Government.

At a time when the American Public and Congress are clamoring for dependable and independent data concerning the volume of oil imported into the United States, it is astounding that the Customs Service is removing the *only* independent check consumers have on the figures the oil companies supply DOE.

Customs' inspections demonstrate that DOE and the American Petroleum Institute (API) consistently understate the volume of imported crude oil. For the last year and a quarter, DOE has reported less oil imported than Customs. During the first quarter of this year, DOE understated the amount of oil imported by 10.6%. During 1978, DOE understated imports by 8.2%. For example, in California, during the first three months of 1979, the discrepancy was 17%. Finally, sworn affidavits from Customs' inspectors across the country, state that "the figures of the gaugers employed by the oil companies have inaccurately reported the amount of oil being imported."

It is important to note that it was during the early part of the year that both the oil industry and the Administration were attempting to create a political climate which would justify higher energy prices. The Iranian crisis was seized upon for this purpose, but as these figures indicate, DOE and the industry exaggerated any shortfall by understating actual imports.

The manner in which the Customs Service made its decision is a direct challenge to the commitment to open Government. The Customs Service made this decision behind closed doors in consultation with the affected industry, while denying the public the same opportunity and indeed even failing to give the public notice of the change. On December 7, 1978 at the request of the Customs Department, a meeting took place at the American Petroleum Institute (API) between oil industry representatives and representatives of the Customs Department to discuss the potential Manual change. In addition to API, companies represented included Exxon, Mobil, Texaco, Shell, Arco and Phillips. The minutes taken of the meeting by a representative of Chevron state, "I feel several good things came from this meeting. It appears that Customs is listening to industry . . . They also indicated they would let us know of the general form of the recommendations to the Commission."

The posture Customs has adopted in response to CFA's suit is particularly troubling. Not only has it refused to concede the public's right to comment (let alone the deleterious effects of the reduction of inspection) but it has raised a technical defense in Court contrary to the President's stated policy. Despite the fact that President Carter, in Law Day speeches and elsewhere, has advocated the elimination of technical rules (such as the "standing" defense which handicap the ability of public access to the courts), the Government lawyers argued just such a "standing" defense.

An additional smokescreen raised by Customs Service is that this is a sound managerial budget-cutting policy. In fact, this is yet another example of self-defeating, anti-consumer budget cutting. Not only is the independent check well worth the price, but in fact, most of the expense is paid by the shippers. Indeed, this move will save the shippers (including shippers under foreign flag who seek to avoid Government control) more than it will save the taxpayer.

Since the filing of the lawsuit on July 3, 1979, the case has been assigned to Judge June Green, U.S. District Court for the District of Columbia. A hearing on the case is scheduled on August 9, 1979.

Study Ranks CFA as One of "Top 10" Lobbying Organizations

A recently reported University of Chicago National Opinion Research Center study listed the ten most effective lobbying organizations.

It is an impressive testimony to CFA's highly respected reputation, that despite economic resources which only provide for two lobbyists, Consumer Federation of America received the distinction of one of the ten most effective lobbying organizations.

MOST EFFECTIVE IN LOBBYING

1. AFL-CIO
2. Common Cause
3. U.S. Chamber of Commerce
4. Natl. Rifle Assn.
5. American Petroleum Inst.
6. Natl. Assn. of Manufacturers
7. American Trucking Assns.
8. American Medical Assn.
9. Consumer Federation of America
10. Business Roundtable

CFA GALA



Kathleen F. O'Reilly (Executive Director, Consumer Federation of America), Senator Howard M. Metzenbaum (U.S. Senate), Jacob Clayman (President, Industrial Union, AFL-CIO), J.C. Turner (President, Operating Engineers), Stanley E. Cohen (Washington Editor, Advertising Age), Stephen Brobeck (President, Cleveland Consumer Action). Story on page 4.

The Clamor for National Health Insurance

By Derek Jones

Since Theodore Roosevelt's Progressive Party first made National Health Insurance (NHI) a major plank in its 1912 platform, social change proponents have seized various occasions in American history to champion the cause of NHI.

But perhaps now, more than ever, the clamor surrounding NHI is heard beyond the streets of Washington, DC. The national media devotes features and special reports on health issues pertaining to NHI. Representatives of senior citizen groups, labor, and health coalitions, rally forces in support of NHI proposals. So why the clamor, and what's becoming of it?

The clamor has its roots in a mix of

observations and philosophical assertions:

- NHI schemes are employed in most European countries as well as other affluent countries—a fact that lends credence to the assertion that industrialized, developed countries should provide their citizens with access to at least a minimal standard of health care.
- U.S. Government statistics indicate that 18 million Americans have no health insurance, another 19 million have inadequate health insurance, and 46 million have inadequate protection against the cost of major illness—despite

(Continued on page 8)

Spread The Word

Soft-drink lobby claims its due

The following article is reprinted, courtesy of the Philadelphia Inquirer and its Washington correspondent, Ed Zuckerman. The subject is whether Congress should exempt the soft drink industry from a part of the antitrust laws that they violated last year as determined by the Federal Trade Commission. CFA has continually and fervently opposed this issue since 1975. See CFA News March/April '79.

WASHINGTON—After years of throwing fancy parties for members of Congress and giving big money to their political campaigns, the \$11.5 billion soft drink industry wants something in return.

What it wants from Congress is a quick political fix.

Specifically, it wants a law allowing the soft drink industry to ignore a provision of the federal antitrust laws.

Last year, the Federal Trade Commission (FTC) ruled that the industry violated antitrust laws by granting exclusive territories to distributors. There may be hundreds of distributors of a particular brand of soft drink but, to a retailer buying that brand, the only one who counts is the distributor with the exclusive territory who has a monopoly, the FTC determined.

To get around the ruling, the industry is engaged in a massive lobbying campaign in behalf of proposed legislation it calls "The Soft Drink Interbrand Competition Act."

Its name aside, the legislation would do nothing to promote interbrand competition—the kind that now exists among rival brands. Instead, it would excuse the industry from a requirement that it engage in "intra-brand" competition—that is, competition between producers of the same brand of soft drink.

The campaign by the National Soft Drink Association (NSDA) to attain that end is, by all accounts the most serious and best-financed lobbying effort ever waged by the industry. But the industry does not want to talk about it.

"It is in too delicate a condition" said NSDA spokesman Jay Smith in explaining why the trade group would answer no questions about its legislative proposal or its lobbying campaign.

Delicate or not, the campaign has been most effective.

So far, a majority in both the Senate and the House is co-sponsoring the industry's legislation. In the 100-member Senate, 77 senators have their names on the bill that was introduced in early March by Sen. Birch Bayh (D-Ind.). In the 435-member House, 259 members of Congress have co-sponsored the bill that was introduced April 10 by Rep. Sam Hall (D-Tex.).

Conspicuously absent from the list of co-signers, however, are the committee

chairmen who have jurisdiction over antitrust legislation. That absence may forecast failure for the legislation; the chairmen involved are, in fact, said to look with disfavor on the bill.

To round up support on Capitol Hill, the industry has dispatched seasoned Washington lobbyists and a veritable army of bottling company executives.

The professional lobbyists have approached their assignments with their usual sophistication. But the less-patient bottlers have left some Capitol Hill aides with vivid recollections.

"He was huge, he had a big scar on his nose and a big diamond ring on his finger," said one aide about the beefy, menacing bottler who paid a recent visit.

"He kept leaning over my desk and, sounding like Marlon Brando kept asking me over and over: 'Don't you like jobs and people, don't you like jobs and people?'"



Soft drink bottlers from all over the country have been confronting members of Congress wherever they could be found to demand support for their bill.

Bayh, for example, did not agree to support the industry's legislation "until he was corralled in his Indianapolis office by 20 or 30 angry Hoosier bottlers," one source said. Bayh usually is a supporter of strict enforcement of antitrust laws.

The industry has been threatened with antitrust action by the FTC since 1971, when the FTC filed complaints against eight manufacturers of soft drink syrup. But more than the manufacturers, the issue affects the franchise distributors who use the syrup to produce the finished soft drink.

Last year, in the first two decisions stemming from the FTC complaints, the industry's undisputed giants—Coca-Cola Co. of Atlanta and PepsiCo of Purchase, N.Y.—were ordered by the FTC to remove any of their barriers that confined distributors within specific marketing territories.

Coke and Pepsi have appealed that decision in the federal courts.

Action in the six other cases is awaiting final resolution in the courts before the FTC proceeds with them. They involve Crush International Ltd. of

Evanston, Ill.; Dr Pepper Co. of Dallas; Seven-Up Co. of St. Louis; Royal Crown Cola Co. of Atlanta; National Industries of Louisville, Ky. (parent of the Cott Beverage Corp.); and Norton Simon Inc. of New York City (parent of the Canada Dry Corp.).

While the syrup companies support a political solution to their problem, it is their franchise distributors who fear they have the most to lose from unbridled competition and who are pushing hardest through NSDA, their trade group, for the legislation.

NSDA has been collecting money since 1972 for its "Special Franchise Fund" that was established to finance lobbying for the legislation.

By the end of last year, a total of \$1,042,103 had been collected but only \$145,361 spent, according to reports filed by the NSDA. From those reports, it would appear that the NSDA began 1979 with a fund of \$896,742 to help persuade Congress that their bill should become law.

In the past, the fund has been used for such things as giving receptions for members of Congress and paying a \$10,395 fee to a University of Chicago law professor who testified in favor of the industry's bill before a House committee.

During last year's election season,

NSDA established a political action committee (PAC) to make contributions to candidates. Although \$13,098 was collected for it, not a single donation was made.

Nevertheless, many of the lawmakers who are co-sponsoring the industry's legislation received donations last year from three syrup companies that sponsor PACs—Coke, Pepsi and Dr Pepper.

Last year, Coke's Non-Partisan Committee for Good Government dispensed \$56,950 to 37 Senate and 98 House candidates. The PepsiCo Concerned Citizens Fund split \$32,135 among 30 Senate and 64 House candidates, and the Dr Pepper PAC gave \$13,100 to 12 Senate and 17 House candidates.

Coke and Pepsi made donations without apparent regard to political ideology. Dr Pepper's donations went only to conservative Republicans.

Actually, there are two versions of the bill the industry is touting.

The first version, plainly labeled "The Soft Drink Bottlers Protection Act," was introduced in January by Sen. John Durkin (D-N.H.) and was co-sponsored by 15 other senators.

A 16th senator apparently could not make up his mind. Sen. Larry Pressler (R-S.D.) a self-proclaimed champion of strict antitrust enforcement, was a

co-sponsor on March 1, withdrew on March 5, became a co-sponsor for a second time on March 7, and withdrew for a second time on March 8.

On March 8, Pressler was listed as a co-sponsor of the second version of the industry's bill, "The Soft Drink Interbrand Competition Act," that Bayh introduced that day.

"It was all a mistake," Pressler said of his "on again, off again" support for the original version.

"In February, I told some South Dakota bottlers I would support their bill and one member of my staff erroneously put me on the Durkin bill when it was the Bayh bill I intended to support. The mistake was in Durkin's office the second time . . . the whole thing was a snafu."

Of 29 senators who received soft drink donations for their campaigns last year, only one—Sen. Bill Bradley (D-N.J.)—is not listed as a co-sponsor on the industry's bill.

Sen Joseph Biden (D-Del.) who received a \$1,000 gift from the Coke fund last February, long after the election, waited for more than a month before agreeing to co-sponsor the legislation.

Biden is a member of the Senate Judiciary Committee, which has jurisdiction over antitrust matters. With the addition of Biden, all but four of the committee's 17 members are backing the legislation.

One Judiciary Committee member who is absent from the list is Sen. Robert J. Dole (R-Kan.) Dole's wife, former FTC member Elizabeth Hanford Dole—who recently resigned her post to help her husband seek the 1980 GOP presidential nomination—wrote the FTC's Coke and Pepsi decisions seeking to end monopoly distributorships.

Dole is frequently confronted by bottlers during his presidential campaign appearances, according to an aide.

"Why can't you control your wife?" the candidate was asked recently by some angry bottlers in New Hampshire.

In response, Dole lectured them on the "separation of powers" theory—first on its application to the American system of government and then on its application to the Dole household.

Even with all those co-sponsors, the measure's adoption by Congress is not a foregone conclusion.

"My guess is that much of the support is soft," said a House aide who is close to Rep. Peter Rodino (D-N.J.), chairman of both the House Judiciary Committee and its antitrust subcommittee.

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The Food and Drug Administration has published a free booklet entitled *Hair Dyes* to warn consumers of the possibly carcinogenic affects of some hair dyes, especially those containing 4-M-M-P-D, or 4-M-M-P-D Sulfate. The booklet explains that FDA is currently powerless to ban these products, and that it has proposed a new warning label. Write to: Consumer Information Center, Dept. 579G Pueblo, CO 81009.

Speakout

The Case for Passive Restraints

National Committee for Automobile Crash Protection
by
Leslie Cheek, III
Vice President-Federal Affairs, Crum & Forster

Would it be worth it to you to add from \$1 to \$20 a month to your four-year auto loan payments to get (1) a car that would protect you and your front-seat passengers from serious injury in a 60-mile-per-hour crash into a parked car; and (2) a 30% discount on your personal auto medical insurance every year you own the car?

If Congress doesn't interfere, (beginning in September, 1981) you will be able to buy cars equipped with automatic (or "passive") front-seat occupant restraint systems that auto insurers think are so effective they are already offering 30% discounts on medical insurance to owners of cars equipped with them.

The systems will range in cost from \$50 (or roughly \$1 a month over the life of a four-year car loan) for passive belt systems that close around you as soon as you close the car door, to between \$112 and \$825 (or anywhere from \$2.50 to \$20 a month), depending on whose figures you believe—Government's or industry's for air cushion restraint systems (or airbags) hidden away in the steering wheel hub and under the glove compartment until you need them.

After a decade of laboratory and real world testing, the U.S. Department of Transportation (DOT) in July of 1977 promulgated Federal Motor Vehicle Safety Standard No. 208, requiring the manufacturing of cars capable of protecting front-seat passengers from injury in frontal crashes of 30 m/p/h into a fixed barrier—the equivalent of hitting a parked car at 60 m/p/h!

DOT estimates that if all cars had automatic crash protection, at least 9,000 deaths and hundreds of thousands of disabling auto accident injuries would be prevented. Insurers told DOT that this reduction in highway carnage would save their policyholders \$1.9 billion in premiums every year—or approximately \$30 per car. Assuming an average car life of ten years, policyholder savings would amount to \$300.

Weighed against the insurance savings, DOT estimated that belt systems meeting the standard would cost \$35 and that airbags could be made available for \$112. Manufacturer cost estimates for airbags have ranged from \$115 (General Motors) to \$235 (Ford) to \$825 (Ford again), the estimates varying according to the number of cars involved and other factors.

DOT promulgated the standard after it became clear the usage of the "active" seatbelts found in today's cars was so low—14%—that automatic crash protection (like padded dashboards, visors and head restraints) was needed to significantly increase vehicle safety.

The standard was based not only on laboratory testing, but also on evidence accumulated from "real world" crashes involving more than 200 of 12,000 airbag-equipped cars using our Nation's highways. Of the nearly 300 people in the airbag cars involved in survivable crashes, all but two (a sleeping infant that slid onto the floor during precrash deceleration, and a man who died of a heart attack before his car crashed) survived without serious injury as the airbags performed their life-saving task.

The standard was reviewed by the Congress during the summer and fall of 1977 and after it was approved by a two-to-one margin in the Senate as a result of the efforts by a coalition of consumer, medical, and insurance groups, attempts to overturn the standard in the House were abandoned.

But attacks on the passive restraint standard, and particularly the airbag technology, have continued. In 1978 Congressional opponents succeeded in persuading the House of Representatives (and later a House-Senate conference) to add an amendment to the DOT appropriations bill prohibiting the Department from enforcing the passive restraint standard to the extent that it required the use of any technology other than belt systems.

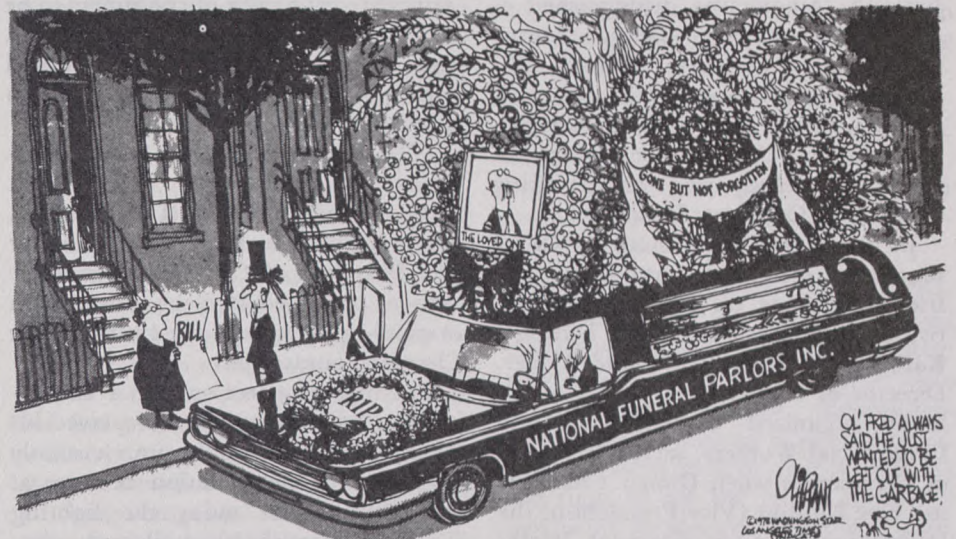
Of course, the standard doesn't require the use of any technology; it only sets performance criteria that cars must meet. But airbag opponents consistently portray the passive restraint standard as an "airbag mandate" in their campaign to discredit this promising technology.

Airbag opponents are again seeking to put Congress on record against the life-saving crash cushions, again through an amendment to this year's DOT appropriations bill (H.R. 4440). At this writing, the anti-airbag amendment, sponsored by Rep. John D. Dingell (D-MI), is scheduled for consideration by the House during the week of July 16.

We have been working with a coalition called the National Committee for Automobile Crash Protection against the Dingell Amendment and for manufacturer and consumer choice in the development and purchase of passive restraint protection. The National Committee needs your help with your Senators and Congressman to beat back efforts to weaken the passive restraint standards. Call the Committee at (202) 466-6682 or write them at 1220 19th Street, N.W., Washington, D.C. 20036 if you are willing to help.

If you think your life, and the lives of those who ride with you in your car, are worth an extra \$1 to \$20 a month, get active on passive restraints!

Move to Scrap FTC's Funeral Rule



Credits — Oliphant, L.A. Times, Washington

With final FTC rules on funeral practices expected later this year, funeral directors have launched a major lobbying effort in Congress.

Taking a treacherous cue from other FTC opponents, the funeral directors have targeted their attack on the FTC's authorization process—seeking support for an amendment to the FTC's authorization bill (H.R. 2313) to bar use of FTC funds to pass or enforce funeral practice rules. The effect would be to kill any FTC regulation of the funeral industry.

Spearheading the effort in the House is Rep. Marty Russo (D-ILL), Chairman of the Small Business Subcommittee on Special Small Business Problems. In comments before the FTC last February, Russo lashed out against the rule as an affront to the funeral industry, labeling the seven-year proceeding as "biased" and the FTC staff as "arrogant" and "belligerent." Russo has said that he will introduce the amendment when the authorization bill reaches the House floor later this month.

CFA has been an active participant in the funeral rulemaking proceeding and has strongly endorsed the proposed rules which would provide consumers with significant protection.

These proposed rules were a reaction to overwhelming consumer demand for greater government control of the funeral industry. The FTC received more than 6,500 letters from individual consumers, and written comments from 70 consumer organizations, more than a dozen state and local government consumer offices and from approximately 150 federal, state and local government officials.

The FTC's rulemaking record reveals that people who arrange funerals are under extreme pressure due to bereavement, guilt, time restraints, and general lack of knowledge about the funeral transaction. The proposed rule which has received extensive support from consumer, senior citizen, labor and religious groups, would:

- require funeral directors to give pre-purchase itemized price information so that consumers can choose the goods and services that they want;
- require funeral directors to give price information over the telephone;
- prohibit funeral directors from embalming without obtaining prior permission, and give consumers the right not to pay for embalming done without permission; and
- prohibit funeral directors from requiring a casket for cremation.

If the rule is enforced, consumers will have the ability to save substantial sums of money in arranging a funeral. The average price for a traditional funeral and burial (including viewing, embalming, and a ceremony with the body present) is about \$2,400. Consumers desiring traditional funerals could save hundreds of dollars by declining limousines, the use of the funeral home chapel, the use of a viewing room, and other facilities or services. Other consumers would find it easier to obtain funerals such as an immediate cremation, for about \$250-\$300, or an immediate burial for \$425-\$500.

During the rulemaking proceeding, CFA conducted a state-by-state survey of existing funeral regulations. The survey demonstrated that less than 5% of the recommended consumer protection provisions in the FTC rules can be found in state law, largely because of the dominating influence the industry has over local licensing boards and state legislatures.

Now that influence threatens to be extended to Congress as well, and CFA members are urged to contact their elected representatives to express support for the FTC's proposal and to urge the defeat of the blatantly special interest Russo amendment.

Ninth Annual Awards CFA Dinner Honors Consumer Supporters

By Ellen Teller

A record-breaking crowd celebrated CFA's Ninth Annual Awards Dinner on June 12. Among the distinguished award recipients were George Meany (AFL-CIO President), Howard M. Metzenbaum (Ohio's Senior Senator), Abner J. Mikva (Illinois Congressman), Stan Cohen (Washington Editor of *Advertising Age*), and Sharon King (WBZ-TV's Consumer Reporter).

In attendance were many of CFA's founders, members, supporters and friends. Kicking off the evening's festivities was CFA's Executive Director, Kathleen F. O'Reilly. Arnold Mayer, Director of Government Affairs to the newly organized United Food and Commercial Workers, served as Master of Ceremonies when Dinner Chairperson Evie Dubrow (Vice-President of the International Ladies Garment Workers' Union) was unable to preside because of illness.

Jake Clayman, (President of the Industrial Union Department, AFL-CIO), presented an original 1830's lithograph of the "Streets of Manhattan" to J.C. Turner, (President, Operating Engineers). Turner accepted the award for George Meany who was unable to attend because of illness. Meany received the Philip Hart Distinguished Consumer Service Award for his dedication to the goals of the consumer movement. Universally known for his leadership in labor relations, Meany consistently supported such consumer issues as the Consumer Protection Agency, no-fault auto insurance, and effective government health and safety stand-

ards. Throughout his experience within the political framework, Meany has articulated the right of consumers to be heard. In appreciation for his continued fight for consumer rights, CFA honored Meany with its highest award for an individual in the private sector.

CFA awarded Senator Howard Metzenbaum (D-OH) the Philip Hart Public Service Award (U.S. Senate). Stephen Brobeck, a fellow Cleveland and President of Cleveland Consumer Action, presented Metzenbaum with an original lithograph of the 19th Century Cleveland landscape.

The highest scorer on CFA's '78 Voting Record, Metzenbaum displayed his loyalty to consumers by unrelentlessly opposing the deregulation of natural gas. He remains today the fighting "David" against the giant oil companies. In his position as Chairman of the Senate Judiciary Antitrust Subcommittee, Metzenbaum continues to protect the rights of consumers, particularly in the food and insurance industries.

Special honors also went to Rep. Abner J. Mikva (D-ILL), this year's recipient of the Philip A. Hart Public Service Award (U.S. House of Representatives). Ellen Haas, CFA President, presented Mikva with an original lithograph of 19th Century scenes from Chicago. Known for his leadership in the fight for public financing of congressional candidates and National Health Insurance, Mikva has also established himself in the area of government reform, food and the demanding energy field.



Sharon Stark (Editor, *Everybody's Money*), Sharon King (Consumer Reporter, WBZ-TV Boston), Arnold Mayer (Dir. of Gov't Affairs, United Food & Commercial Workers International), Congressman Abner J. Mikva (U.S. House of Representatives), J. C. Turner (President, Operating Engineers).

Stan Cohen, Washington Editor of *Advertising Age*, received CFA's National Media Award for Outstanding Service to Consumers. Sharon Stark, Editor of *Everybody's Money* (Credit Union National Association), presented Stan a lithograph of his hometown—Troy, New York. Recognized for his candid approach to consumer issues, Cohen has been a true transmitter of consumer information and balance. He is known for his ability to translate complex consumer issues into political and financial realities for us all.

Boston's top Consumer Reporter,

Sharon King, was this year's recipient of the Local Media Award for Outstanding Service to Consumers. After accepting a lithograph of Boston's marketplace, Faneuil Hall, from Alfreda Riley (Director of Consumer Resource Advisory Council) King spoke of her "experiments" in the area of product claims. Noted for her in-depth reporting on a wide range of products, King has gained the respect of her viewers and colleagues alike. Next year, deserving students will be awarded a \$200 stipend for a summer internship program in the name of this year's award recipients.

NEW FACES AT CFA

Many new (and young) faces have recently joined CFA's staff. Rita Vogler, a History/Political Science graduate of SUNY at Oswego, currently presides as Office Administrator. She is involved in every aspect of the office, including coordination of intern activities. Before coming to CFA, Rita served as Legislative Aide to Rep. Robert Cornell (D-WI).

Nancy Hock, a native Washingtonian, has joined CFA's staff as Acting Director of the State and Local Organizing Project (SLOP). Nancy has replaced Gary Rosenberg, former Director of SLOP, who recently married and moved to California. A recent graduate of the University of Maryland in Communications, Nancy comes to CFA via Los Angeles, California, where she worked in radio sales and support. She lends her broad communication skills to the SLOP Project. Nancy is also the Editor of "CFA News."

Ellen Teller, a Political Science/English Literature graduate of SUNY at Oneonta, serves as current Director of Special Events. After volunteering her services for Consumer Assembly '78, Ellen was asked to join CFA's staff. She assists Kathleen in special interest areas and general management. Ellen was largely responsible for the planning and imple-



Back Row left to right: Jacob Klerman, Kathy McDonough, Eric McFarland, Mike Welch, Le'Etta Tate, Rita Vogler. Front left to right: Ellen Teller, Denise Parker, Derek Jones, Nancy Hock. Not pictured: Carolyn Johnson, Darlene Shreeves

mentation of the recent Awards Dinner as well as Consumer Assembly '79.

CFA has outstanding Interns this summer assisting the staff in organizational functions and legislative areas. Eric

McFarland, a sophomore at the University of Chicago studying economics, and Kathy McDonough, a student of economics at Harvard University, assist Mike Podhorzer, CFA's Energy Legislative Director.

Denise Parker, working on her M.S. in Public Relations at Boston University, assists Nancy Hock, Acting Director of SLOP, as co-editor of the "CFA News" and is working with Kathleen on issues such as consumer warranties.

Derek Jones, a senior at Yale in Economics/Political Science, assists Kathleen with CFA food and health issues.

Jacob Klerman, a junior at Brown University in economics, assists Legislative Director, Jerry Hogan, with transportation issues such as trucking deregulation.

Four volunteers, Mike Welch (a student at George Washington University and a full-time waiter at Kennedy Center's "Les Champs" Restaurant), Le'Etta Tate, (a sophomore at Cardozo High School), Carolyn Johnson, (freshman at Stuart Jr. High School), and Darlene Shreeves, (a junior at Martha Washington Vocational School), also assist the staff in many legislative and organizational areas.

There is no way to adequately express our gratitude for their dedication, quality service and *most of all* good sportsmanship in coping with crisis-oriented CFA!

DOE Funding - Program 205

As a result of organized and enthusiastic consumer response, members of the House Appropriations Interior Subcommittee decided on June 12 to appropriate \$2 million for consumer representation before state electric utility regulatory commission proceedings.

Much of this success can be attributed to CFA's and CFA members' efforts. Prior to the Markup, CFA launched a massive "alert" drive to grassroots groups, including all CFA members, urging them to visit and write key members of the Subcommittee. As a result, at least six heads of CFA state & local groups personally lobbied key members of the Subcommittee and attended the Markup, while in town for CFA's Board meeting.

Since 1976, Section 205 of the Energy Conservation and Production Act (administered through DOE's Economic Regulatory Administration) enacted a state grants program for new and/or existing offices representing consumers' interests in electric utility proceedings before state electric utility regulatory agencies. The Act included a \$2 million funding level for Fiscal Years 1977, 1978, and 1979. However, the Public

Utility Regulatory Policies Act amended this statute by extending the funding to \$10 million for the 1979-1980 Fiscal Year. Consequently, the House Appropriations Subcommittee on the Interior held hearings on May 15 to decide the fate of the 1980 appropriations for the ERA.

At the hearings, Subcommittee Chairman, Sidney Yates (D-IL) and member Gunn McKay (D-UT) indicated a political and fiscal unwillingness to continue federal funding of the program at any level. They argued that: 1) states should pay for representation of utility consumer interests, since state regulatory agencies are already charged with this responsibility; and 2) state Attorneys General have the authority to perform this job.

Because the DOE funding appeared to be in danger, consumers were urged to contact members of the Subcommittee before the June 12th Markup. Fortunately, their efforts proved successful. The date for the meeting of the full Committee has yet to be scheduled.

For more information, contact: Denise Parker at CFA (202) 737-3732.

Mark Your Calendar

NUTRITION GUIDELINES Toward a National Strategy—October 2 and 3, 1979

Community Nutrition Institute (CNI), in cooperation with the Food Marketing Institute and Family Circle Magazine, are presenting the third annual conference on "Nutrition and the American Food System" on October 2nd and 3rd at the Hyatt-Regency Hotel in Washington, D.C.

The Conference offers all members of the food industry an opportunity to learn and share ideas about current nutrition proposals under consideration. It is a chance for the producer, the food processor, the retailer, the academician, the government official, and the consumer to together shape the direction of food and health policy.

The program agenda will include: "What Americans are Eating Now," "Preliminary Results of USDA Food Consumption Survey," "Food Guidance for Public Guidelines," "Seeking a Scientific Consensus for Nutrition Guidelines."

Registration fee for the two day conference is \$125.00. Early registration fee is \$110.00. For further information contact: Janice L. Rogers, Conference Director, CNI, 1146 19th Street N.W., Washington, D.C. 20006. For scholarship information, contact Myron Zeitz, CNI.



Astonishing Facts About Smoking and Drinking

A recent study, published in *The New England Journal of Medicine*, shows that the cost of smoking and alcohol abuse in the U.S. has reached a staggering \$59.9 billion per year. This figure represents about 25% of the total economic cost of illness to the nation. Included in the \$59.9 billion total is the economic cost of medical care and lost earnings attributable to smoking and alcohol abuse.

Breaking the categories down, the study shows that costs incurred in treating the diseases caused by smoking totaled \$8.2 billion compared to \$11.9 billion for alcohol abuse. The cost attributable to lost earnings for smoking is \$19.1 billion and for alcohol abuse, \$20.6 billion.

By Jacob Klerman

In late June, Sen. Edward M. Kennedy (D-MA) introduced S. 1400, the Administration's bill to deregulate the trucking industry. The measure would essentially lessen the control of the Interstate Commerce Commission (ICC) over the trucking industry, and increase competition.

The bill is part of a broad Carter Administration program to deregulate the transportation industry. The 95th Congress enacted an airline deregulation bill which is largely responsible for many of the lower fares now available.

The trucking deregulation bill calls for five basic changes in the trucking industry: 1) remove the industry's anti-trust exemption, currently allowing trucking companies to convene and set rates behind closed doors; 2) ease entry requirements, and thus allow new companies to compete more effectively; 3) gradually remove restrictions on lowering or raising rate schedules; 4) remove wasteful "backhaul" and route restriction; 5) expand the Department of Transportation's truck safety enforcement.

At hearings on the bill before Sen. Howard Cannon's (D-NV) Commerce Committee on June 26, Sen. Kennedy testified that although regulation may have been necessary 40 years ago, the trucking industry today could be healthy and competitive without regulations which now cost consumers \$5 billion per year.

The Administration's chief anti-inflation spokesperson, Alfred Kahn, estimated that unregulated trucking would be 5 to 20% lower than existing rates and that deregulation could lower the food CPI (Consumer Price Index) as much as a full percentage point. Kahn added that he expected service to small towns to remain the same or improve. (A principle CFA strongly supports.)

The bill is receiving broad support from business, farm and consumer

groups. However, the American Trucking Association and Teamsters Union strongly oppose deregulation, claiming that it would result in chaos and cut-throat competition. Sen. Cannon, Chairman of the Senate Commerce Committee, is presently undecided. Visits, letters and phone calls could prove successful in persuading Chairman Cannon of its importance.

Witnesses have cited evidence that ICC certification has allowed trucking companies to make large profits. Regulated rates are 10 to 20% higher than non-regulated. Further, independent operators are required to pay the trucking companies 25% of their revenue for the right to use the larger company's certificate to operate. These and other regulations have combined to enable the eight largest firms in the trucking industry to enjoy a 20% return on equity during 1977, compared to the 14% average return of all other manufacturing industries.

According to estimates by the Federal Energy Administration, 26% of the carriers are now returning empty to their destinations and American consumers could realize a savings of \$300 million each year in food costs alone if ICC regulations were altered to reduce such empty backhauls of trucks carrying farm produce.

Such estimates can no longer be considered speculative. The record of increased competition and reduced price, resulting from judicial removal of the anti-trust exemption, is dramatic. For example, when the Supreme Court ruled that regulation of the transportation of raw dressed chickens did not come within the Interstate Commerce Commission's jurisdiction, their surface transportation costs were lowered by 35%. When the Supreme Court made a similar ruling with regard to frozen fruits and vegetables, prices were lowered 20-30%.

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ME — Bill Ginn
Maine Audubon
Gifland - Route 1
Falmouth, ME 04105

"Mini" Action Faction

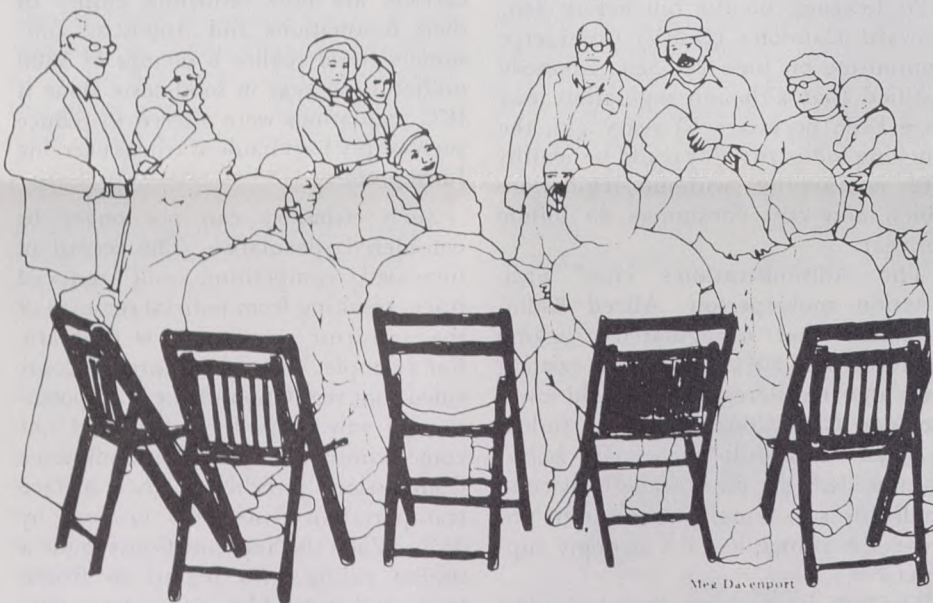
Consumers in Health Planning

CalPIRG-San Diego (the California Public Interest Research Group) recently sponsored a series of 15 workshops designed to provide consumers with the practical and technical information needed to influence health planning through the Health Systems Agency. Subjects covered in the institute ranged from health care economics, high technology, and barriers to health service, to certificate-of-need review and citizen participation. The series, funded by the National Science Foundation, will be repeated in the fall. Copies of the training manual (which includes materials relevant to each workshop session—glossaries, excerpted articles, self-tests, small group exercises, suggested reading, and portions of the San Diego Health Systems Plan) will be available upon request in September.

The training has been highly suc-

cessful in activating San Diego health consumers. Results of the training included the organization of the Health Action Coalition (HAC). The Coalition, primarily composed of training participants, was active in opposing anti-consumer amendments to the national health planning legislation and in organizing testimony for the California Assembly Health Committee investigation on access to emergency services for low-income persons in San Diego. Workshop participants have also succeeded in being placed on sub-area councils and HSA committees and have represented their constituency groups at HSA public hearings.

For further information or to request a copy of the training manual, write CalPIRG's Consumer Health Advocacy Training, 3000 "E" St., San Diego, CA 92102, or call (714) 236-1508.



Grassroots Training Project Of Benefit To All

The Maryland Citizens Consumer Council, a CFA member, recently organized a project called *Effective Consumer Representation*. This project, a pilot in Maryland, was funded by a grant from the Office of Consumer Education, U.S. Department of Health, Education and Welfare. Additional support has been provided by the State.

The idea for this project emanated from a study conducted last fall by those consumer representatives of the Consumer Council already serving on occupational and professional licensing boards in the Maryland Department of Licensing and Regulation. The study examined the participation and effectiveness of consumer representatives on their respective boards. It revealed that the representatives often lacked the

training and expertise necessary to make them effective consumer advocates. Based on this evidence of need, Maryland plans to adopt ECR training on a regular basis for new appointees.

Upon its completion, the training program will be distributed nationally. The project offers Maryland a unique opportunity to come to the forefront in consumer protection. All citizens in Maryland will benefit from this program because trained consumer representation will be able to isolate and analyze issues of concern to consumers as well as have the ability to influence board decisions which often affect the cost and availability of occupational services. Contact: Ellen Kandell, 131 East Redwood St., Baltimore, MD 21202 (301) 383-3707.

Resource Reference Tools

"New American Eating Guide" Makes Healthy Eating Easy

A poster issued by the Center for Science in the Public Interest (CSPI), shows readers how to eat and stay well in a creative and comprehensible manner.

Patricia Hausman, the CSPI staff nutritionist who developed the poster, said it was designed to incorporate the current concerns about fat, cholesterol, sugar and salt into the traditional 'Basic Four' method of teaching nutrition.

The poster makes distinctions between foods based on their content of salt, saturated fat and cholesterol, which contribute to high blood pressure and high cholesterol levels—both risk factors for heart disease.

The poster divides most common foods into the four traditional groups—beans, grains and nuts; fruits and vegetables; milk products; and poultry, fish, egg and meat products. But then, unlike traditional nutrition guides, foods within each group are divided into those which can be eaten "Anytime," "In Moderation," and "Now and Then."

Unlike many nutrition guides, the CSPI poster includes many ethnic and specialty foods, such as matzoh, tofu (soy curd), lassi (low-fat yogurt and fruit juice drink), pigs feet, and refried beans.

The "New American Eating Guide" 18" x 24" poster may be obtained by sending \$2.00 per copy to CSPI, P.O. Box 7226, Washington, D.C. 20044. Bulk prices are available upon request.

Best Tire For the Money

The National Highway Traffic Safety Administration (NHTSA) has adopted a new system to grade passenger car tires.

Beginning April 1, 1979 for bias-ply tires, and October 1, 1979 for bias-belted (radial) tires, a paper label which lists the respective grades must be attached to the tire tread. Six months after these dates, the grade must be molded to the sidewall by the manufacturer.

The agency expects the grading system to help consumers buy the best tire for the money. Tires will be rated on expected treadwear, traction, and temperature resistance.

For more information, contact the NHTSA, Washington, D.C. 20590; toll-free telephone 1-800-424-9393.

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ACTIONS & CAMPAIGNS—Community Organizing Handbook #3

"Campaigns in community organizing borrow the hoopla of an election campaign, the urgency of a natural disaster, the timing of a championship athletic season, and the persistence of an undaunted suitor. They have moral convictions and self-assuredness, built on setbacks and losses, and convert weaknesses into strengths, opportunities into victories. Successful campaigns have excitement, momentum, enthusiasm and movement."

Meg Campbell—*The Institute*

ACTIONS & CAMPAIGNS—Community Organizing Handbook #3 prepared by THE INSTITUTE, details and guides for community organizers, ideas and techniques for planning and executing successful actions and campaigns.

THE INSTITUTE is a national training and research center, educating individuals in the principles of community organizing, drawing particularly from the ACORN model of neighborhood based organizing.

Handbook #3 exemplifies five case studies which describe diverse issues, constituencies, tactics, strategies, and results. The Handbook analyzes each campaign to provide the reader with lessons they've learned.

Organizing for power and change is not a routine which can be formulated or memorized. Handbook #3 does describe models and skills which come from direct action and campaign experience, in an effort to help both the beginner as well as veteran organizers.

For a free copy, contact:

Charles Koppelman, Executive
Director
523 West 15th Street
Little Rock, Arkansas 72202

Solar Lobby's "1980 Counter-Budget —A Challenge to the Administration"

Solar Lobby calls for aggressive programs to develop renewable energy sources. Assessments of solar energy's contributions have, in the past four years, increased from 6 to 30%.

Despite President Carter's verbal commitment recently and at "Sun Day" (May 3, 1978), he has allotted only 7% of the 1980 energy budget to solar technologies. Criticizing the Administration's priorities, Solar Lobby has released the *Counter-Budget*, a report calling for a doubling of the President's solar budget request.

Solar Lobby specifically calls for a significant budget increase, the creation of a Solar Development Bank (to provide long-term, low-interest loans to solar consumers), and an ambitious program to utilize existing solar legislation.

For further information and a copy:
Counter-Budget \$2.30

Sundries
1001 Connecticut Ave., N.W.
Washington, D.C. 20036

Folks

Michigan Citizens Lobby



Three homers in the first three times at bat.

That was the enviable start of the Michigan Citizens Lobby back in 1973-74, when the organization was founded by young political veterans Doug Ross and Barbara Grossman.

In the organization's first legislative session of activity, it proposed a bill to legalize the sale of generic drugs and pass cost savings on to consumers, a bill to regulate auto repair shops to reduce the incompetence and dishonesty often reported by complaining consumers, and an end to the state's regressive sales tax on medicine and grocery store food purchases.

The Citizens Lobby organized vigorous coalitions that included non-traditional partners such as professional associations and chain stores as well as the more conventional union and religious support.

It did imaginative media work which included well orchestrated confrontations with adversaries. And it backed its positions with extensive research, testing and surveys, and testimony, using its own resources and those of supportive state agencies and coalition partners. With this support the Detroit-area group swept the generic and auto repair bills through the legislature. When the legislature balked at the sales tax repeal, petitions put it on the ballot and the people of Michigan voted themselves a tax cut.

An amazing two-year record. And a hard act to follow. In the succeeding two years, the Citizens Lobby grew to a staff of three with the addition of organizer Kay Campbell McGowan. It added to its record with strengthening amendments to the generic law, then undertook a petition drive which put on the 1976 ballot a proposal to repeal the state constitution's bar to a graduated state income tax. It proposed to replace it with a two-step tax which reduced the tax burden on the average family and shifted it to those with incomes above \$20,000. The voters, however, said no, and the organization had its first setback.

MID-LIFE CRISIS

In retrospect, it is amazing that the organization continued, for during

those early years more attention was paid to issues than to structure or fund-raising. Staff salaries and bill payments were invariably far in arrears. Major campaigns brought help from allied organizations, but regular billpaying depended on fundraising events, sporadic membership dues, and spontaneous contributions—a reliance which has doomed many promising citizens' organizations to limited size or early death.

An attempt to create a tax-deductible affiliate corporation to do research and follow up lobbying successes with administrative watch-dogging succeeded, but was no panacea—it attracted no contributors or foundations with open checkbooks.

In 1977, with survival at stake, the Citizens Lobby concentrated on establishing a funding base to match the organization's excellent public, media, and political reputation. One answer was a weekly bingo game, a modest but reliable moneyraiser in a Detroit suburb. A second, more significant step was the start of professional door-to-door canvassing. Capitalizing on the organization's heavy media coverage and widespread recognition in the Detroit area, canvassers found thousands of people ready to contribute when their doorbells were rung.

An effort began to build on this base to attract grants and speaking honoraria. Though the Citizens Lobby's gross income had rarely exceeded \$50,000 in any previous year, in 1978, the first full year of canvassing, it reached \$175,000, and the 1979 budget is expected to exceed \$300,000.

However, 1977 and 1978 also were years of transition for the maturing organization. Co-founder Grossman left to attend law school, after seeing the canvass through its preliminary stages. Ross resigned to run, successfully, for the state Senate.

They approached Joe Tuchinsky, who had spent five years as director of the student-supported Public Interest Research Group in Michigan, who joined Kay McGowan as co-director. Later in 1978 when McGowan left the full-time staff to care for a new baby, her identical twin Fay Gates took over and few members realized the change since the sisters not only look alike but are equally talented organizers.

Since Tuchinsky refused to move from his home near the state capitol, insisting instead that the Citizens Lobby have a full-time presence at the legislature, the organization's second office was opened in Lansing. A division of duties was worked out. McGowan and later Gates took responsibility for grassroots organizing and volunteer mobilizing. Tuchinsky took responsibility for administration and issue work, and the Lansing office grew to a full-time staff of five.

As the canvass grew, offices were added in Ann Arbor, and later in Grand Rapids and the four-office or-

ganization became truly statewide, growing to over 65,000 contributing members in 1978. It expects to pass the 100,000 mark in the summer of 1979.

With the growth in funding, geography, and staff came new issues. In early 1978 the new co-directors successfully urged the board to take on two major new initiatives, even more ambitious than the 1973-74 projects. They proposed dealing with health care cost inflation through reforms of Blue Cross and Blue Shield of Michigan, and they proposed addressing rising utility rates by creating a means for consumer interests to be effectively represented in Public Service Commission rate cases.

BLUE CROSS REFORM

Starting with a demand that Blue Cross board meetings be opened to the public to increase accountability, Citizens Lobby volunteers confronted surprised but rigid Blues' officials in their own building with volunteer delegations asking to be admitted to board meetings (they were turned away), then with pickets and rallies which brought television coverage of the secretive non-profit corporation which sells \$3 billion worth of health coverage to 60 percent of Michigan's population but is accountable to no one.

Building on public indignation at rising rates coupled with the waste and luxury of the quasi-public health corporation, the Citizens Lobby protested executive salary increases and disclosed \$33,000 board of directors junkets and \$7,500 country club dues paid as a "fringe benefit" for the Blues' \$121,000 a year president! Television debates with a Blues' vice president followed.

Though it didn't have money to pay a lawyer, the Citizens Lobby filed as an intervening party against a Blue Cross application to the Insurance Commissioner for a \$56 million rate increase, then found a volunteer lawyer to represent it. Joined by the state Attorney General and later by the city government of Detroit, the intervention effectively stopped the unjustified rate increases as the Blues tried to keep the intervenors from letting the public see Blues' financial documents they had obtained as parties to the case.

The consumer advocates argued that those who paid the bills have a right to know what financial justification there was—or wasn't—for a rate increase. The Blues argued their competitors would benefit from the information. When the Insurance Commissioner upheld the consumer position, Blue Cross took the issue to court, effectively stopping the rate case before it even reached the hearing stage.

Blue Cross tried to get the legislature to amend an innocent bill requiring their rate-increase applications to be automatically approved unless the Insurance Commissioner acted to reject them within 30 days. The Citizens Lobby and its allies persuaded the legislature to reject the proposal. Then they began writing comprehensive legislation to reform Blue Cross from top to bottom.

A consumer-controlled board of directors which will end control by doctors and hospital officials, increased regulatory authority for the Insurance Commissioner to compel cost controls, and a

guarantee of subscriber rights were main objectives. With active support from major unions, religious organizations, other consumer organizations, the Attorney General, and the Insurance Commissioner, the pending legislation is given an excellent chance at action in the 1979 legislature.

THE UTILITY PROJECT

The utility project focused on legislation from its beginning. A bill was painstakingly drafted, circulated among potential allies, then repeatedly redrafted until it could be a focus of coalition support.

In its final form, it provides for every utility regulated by the Michigan Public Service Commission to pay to a state board a monthly amount equal to the number of customers it serves times two cents, and lets it pass the two cents on to consumers. The resultant fund, equal to about \$2,000,000 per year, would be disbursed in the form of grants by an independent board to citizens' organizations, local governments and the Attorney General, based on their qualifications to represent consumer interests and the quality of their specific proposals.

Consumers not caring to support the fund could get their 2¢ back by filling out and mailing the board a postage-paid card received annually from the utility, so maximal voluntariness was achieved without the crushing burden of administrative costs which has doomed RUCAG and other previous proposals for contributory funds. Since conservative estimates indicate that a dollar spent on opposing utility rate increases saves up to \$300 for consumers, advocates predict that most consumers will prefer to pass up the refund and let their 2¢ work for lower utility rates.

To build credibility for the proposal while performing another service for consumers, the Citizens Lobby applied for grant funds to begin its own utility rate case interventions. With \$36,200 of federal funds administered by the state Attorney General, it hired its first staff attorney, support services and consultants to fight electric rate increases.

Initial hearings have been scheduled for June on the intervention funding bill, which is supported by the United Auto Workers and other unions, major religious organizations, senior citizens, human services and minority organizations, as well as consumer and environmental groups. It's too early to tell if the legislature will approve it, but determined supporters have begun talking about circulating petitions to put it on the 1980 ballot if necessary.

What lies ahead? Member surveys indicate that consumers in Michigan are worried about property taxes, insurance practices, the performance of government agencies. The Michigan Citizens Lobby won't run out of issues anytime soon. And it seems likely now to have the funds and staff to work effectively on them.

For copies of the legislation, brochures and newsletters, or answers to specific questions, write to Joe Tuchinsky, Michigan Citizens Lobby, 105 E. Washtenau Street, Lansing, Michigan 48933.

NHI (continued from page 1)
medicare and medicaid.

- Council on Wage and Price Stability statistics indicate that total health costs as a percent of GNP have nearly doubled from 4.5% in 1950 at an estimated 10% of GNP by 1983.
- The price of medical care has risen an average of 10.5% per year since 1966—nearly 5% faster than the overall rate of inflation.
- Although often paid indirectly, the average health care expenditure per family was over \$2200 in 1976, comprising almost 15% of the \$15,000 median family income. Of that \$2200, it is likely that a large percent was spent on hospital care, as indicated by the accompanying chart.

As people increasingly view health care as a *right*, and the high costs of health care continue to preclude millions from access to health care, the clamor grows for a National Health Insurance plan which addresses at least two particular health issues:

- adequate coverage to non or inadequately covered populations; and
- restraint of rapidly escalating medical care costs

During the debate on NHI proposals, the arguments are expected to center on:

Benefits: Who receives coverage—the elderly, the indigent, everyone? What are the benefits—diagnostic testing, ambulatory visits, dental, eye, natal care, hospitalization?

Cost Sharing: Who pays? How much? When? For example, under the Administration's proposal, the elderly pay up to \$1,250 in medical expenses per year, after which the government picks up the tab.

Financing: How are the benefits paid—general and state revenues? Employer and employee premiums?

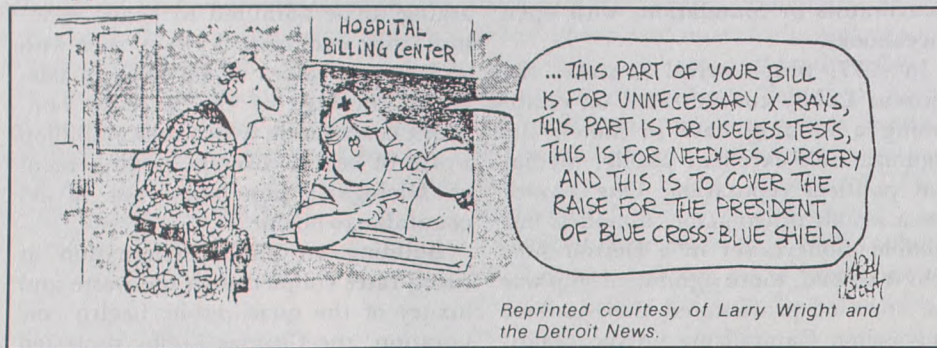
Administration: Who administers different aspects of the program—private insurance companies? State and federal government? Reliance on private insurance companies as intermediaries in the administration of NHI may prove cost-effective due to the managerial skills and existing structure of private insurers. Sole reliance on private insurers, however, may force the government (and public) to sacrifice direct access to information vital in evaluating the workings of National Health Insurance.

Cost Controls: What provisions are made for controlling costs? Economic analysis repeatedly shows that anti-competitive practices or the noncompetitive structure of an industry result in higher prices. For example, some economists contend that health care costs are inflated by physicians' nonadvertising of the price of medical tests and procedures.

System Reform: What provisions are made to address overall weaknesses in the health care delivery system? Supporters of Senator Kennedy's NHI proposal (including CFA) contend that his proposal places more emphasis on preventive care than do other proposals. Preventive care receives growing atten-

tion in the health care field as a possible means of stemming the high cost of crisis intervention care. The extent to which any NHI proposal responds to such questions, depends, in part, on the Sponsor's perception of how compelling the need for legislation is. Indeed, a glance at the most talked-about proposals reveals at least two perceptions of how extensive NHI legislation should be.

Kennedy: Though Kennedy has yet to formally introduce his proposal in Congress, he unveiled an estimated \$40 billion comprehensive package of health care at a May 14, 1979 press conference. The Kennedy proposal rests on the belief that a NHI scheme must control costs, foster competition in the health care sector, promote system reform, and treat all Americans fairly. Kennedy is recognized as the leading proponent of the comprehensive approach.



Reprinted courtesy of Larry Wright and the Detroit News.

Carter: Nearly a month after Kennedy's press conference, President Carter made public a \$24.3 billion proposal designed to insure citizens against devastating financial loss due to serious illness or injury. Carter's catastrophic approach is yet to be framed in legislative form, but he proposes to merge medicare and medicaid into a single program called "Health Care." The proposal also provides that individuals and families pay no more than \$2,500 a year in medical expenses. Carter has repeatedly stressed that his proposal is predicated on Congressional passage of his Cost Containment proposal. As of July 4, 1979 the Senate Finance Committee had failed to complete action on the proposal. Hearings have not even been scheduled for further consideration of the bill.

Long: Chairman of the Senate Finance Committee, Senator Long (D-LA) introduced three catastrophic proposals. His staff person reports that a compromise bill will be the product of Long's proposals, Dole's (R-KA) proposal, features contained in a presentation by Senator Kennedy, and a presentation by an Administration representative before the Senate Finance Committee. Such a compromise would most likely retain basic features of Long's proposals, which includes a provision that individuals or families would pay no more than \$2,500 in medical expenses per 15 month period. *The Washington Post* reports that Long is expected to seek a \$10-12 billion package.

Dole: Senator Dole's \$6 billion/yr. catastrophic proposal has been under consideration by the Senate Finance Committee. His proposal provides that individuals or families pay no more than \$5000 in medical expenses over a 15

month period. His proposal also addresses medicare reform.

Cost and coverage define the basic features of the four proposals—three of the four opt for the catastrophic approach; the fourth opts for the comprehensive approach. The apparent popularity of catastrophic proposals may reveal policymakers' inclination to establish insurance against the cost of catastrophic illness or injury as the priority of NHI.

Any inclination towards support of a catastrophic proposal, however, must be weighed by a few considerations; namely,

- catastrophic proposals contain few or no provisions for cost control;
- catastrophic proposals contain few or no incentives for use of more cost-effective preventive and ambulatory care;
- catastrophic proposals contain

few or no provisions to address reform of the health care delivery system;

- catastrophic proposals are based on the assumption that consumers are most vulnerable to financial ruin due to the onset of sudden medical catastrophic illness or injury. In contrast, a recent study published in the *New England Journal of Medicine* portrayed the typical high-cost adult patient as suffering from long term diseases.

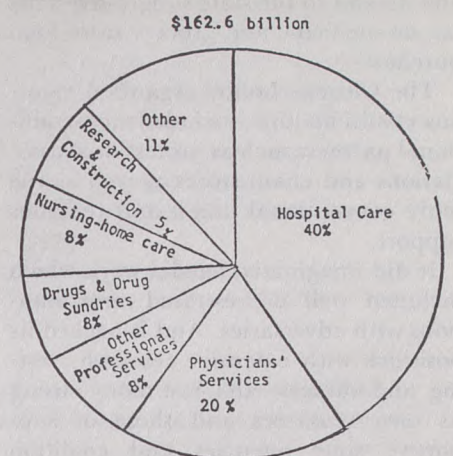
That study raises questions concerning the validity of the assumptions underlying catastrophic health insurance. Such considerations compel Kennedy, the Committee for National Health Insurance, Labor groups, and CFA to reject the catastrophic approach to NHI, despite its apparent political popularity.

Given such perceived substantive weaknesses of the catastrophic approach, other reasons may explain the

apparent popularity of the catastrophic proposal. In a June 13, 1979 meeting with the Committee for National Health Insurance, for example, President Carter's Special Assistant for Domestic Affairs, Stuart Eizenstat, indicated that the President agreed with the concept of a comprehensive NHI proposal, but foresaw little possibility of Congressional passage of such a proposal in the near future. Eizenstat elucidated the remark by stating his doubt of Congress's willingness to pass landmark social legislation involving billions of dollars. The fiscally conservative mood of Congress, combined with the belief of some policymakers that catastrophic insurance may be the only NHI approach currently affordable, shed further light on the political popularity of catastrophic health insurance.

Does this mean prospects are bleak for passage of a comprehensive national health insurance? No! Max Fine, of the Committee for National Health Insurance and supporter of Kennedy's comprehensive approach, says: "Prospects are bleak so long as Congress feels pressure only from such vested interests as doctors and hospitals. If consumers pressure their Congressmen—polls show that two out of three consumers want national health insurance—Congress will respond; we'll get a comprehensive plan." Please respond!

Distribution of National Health Expenditures, FY 1977



Source: Health Care Financing Administration, Department of Health, Education, and Welfare

FOOD SAFETY

Tartrazine

The Food and Drug Administration recently reformed the food and drug labeling requirements for Yellow No. 5 (tartrazine), the most widely used color additive. For example, Yellow No. 5 is included in some pain relievers, cough/cold remedies, antihistamines, beverages, candies, snacks, cereals, ice cream, and bakery goods.

Effective June 26, 1980, drugs containing tartrazine must list the color additive as Yellow No. 5 and tartrazine. The labeling requirement takes effect for food after July 1, 1979.

Donald Kennedy, recently resigned

Commissioner of Food and Drug Administration, indicated the reasoning behind FDA's decision: "Yellow No. 5 poses a particular hazard to some people but it is generally safe for use by the majority of the population. This requirement will enable those who are allergic to Yellow No. 5 to know which products contain it."

This decision marks the first time the FDA has required color additives to be included by name on labels of certain foods and drugs.

This will warn those 100,000 individuals allergic to Yellow No. 5 to steer clear of the drug.

CFA LEGISLATIVE WRAP-UP

CFA Supports

Illinois Brick—Legislation which would overturn 1977 Supreme Court decision denying indirect purchasers the right to sue for price fixing (see March-April CFA News).

Public Financing—Legislation which would provide for partial public financing of Congressional candidates.

Hospital Cost Containment—A measure which would place a ceiling on the nation's hospital costs.

National Health Insurance—Legislation which would provide insurance for comprehensive health care, or by some proposals, insurance against the costs of catastrophic illness or injury.

Clinical Labs—Legislation which would establish uniform standards for licensing and regulation of clinical laboratories.

NHTSA Authorization—Bill would provide authorization for agency including enforcement of passive restraint standard.

Regulatory Reform—Legislation designed to streamline the regulatory process and maximize efficient and effective rulemaking.

Senate

Senate Judiciary reported bill to floor 9-8 on May 8.

No action taken.

Reported to Human Resources Committee on June 13, 1979. Pending in Senate Finance.

Senate Finance has been considering various NHI proposals.

Senate Human Resources favorably reported bill to floor on April 11, 1979.

No action taken.

Hearings have been held by Senate Government Affairs and Judiciary Committees.

House

No action taken.

House Administration Committee rejected bill 17-8 on May 24.

Ways and Means is conducting Markup sessions.

No action taken.

No action taken.

Reported to floor. Vote expected in mid-July.

No action taken.

CONSUMER REACTION TO THE 96th CONGRESS???



... it takes all the running you can do
to stay in the same place ...

Lewis Carroll, *Through the Looking-Glass*

Anti-Merger—Legislation designed to reverse trend of takeovers by nation's conglomerates.

National Consumer Cooperative Bank Funding—Appropriations for Bank providing seed capital and technical assistance to existing and proposed cooperatives.

Public Participation—Legislation creating an agency-wide program to reimburse eligible citizens and citizen groups for the cost of their participation in federal agency proceedings.

Oil Decontrol—Legislation to reimpose and extend mandatory price and allocation controls on crude oil.

Energy Antimonopoly Act—Legislation to prevent the 16 largest oil companies from acquiring firms with more than \$100 million in assets.

Federal Oil Importing Agency—Legislation to create a federal agency to import oil into the U.S.

Solar Bank—Legislation to create an independent Bank to make low interest loans to consumers interested in purchasing solar equipment.

Antitrust Subcommittee of Judiciary has held hearings.

FY'79 ending September 30: The Congress appropriated \$3 million for NCCB—\$1 million capital for the Bank; \$1 million for the Self-Help Development Fund; \$1.5 million for operating expenses.

No action taken. The Senate is expected to introduce an amendment which, if adopted, would terminate the FTC's public participation program. Since the FTC's program is the prototype for other agency programs, its termination would be devastating.

However, agencies such as USDA, FDA, and FCC are moving individually to establish their own programs via the rulemaking process.

Legislation introduced.

Hearings held by the Antitrust Subcommittee. Hearings scheduled for the third week of July before the full Committee.

Legislation introduced.

Hearings being held by Banking Committee.

No action taken.

No action taken.

Hearings held by Energy and Power Subcommittee of Interstate and Foreign Commerce.

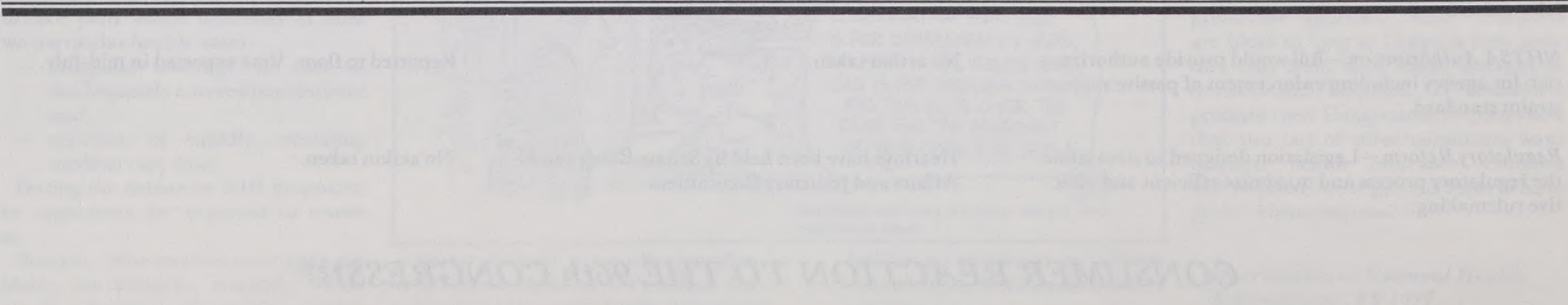
Legislation introduced.

Hearings held by the Trade Subcommittee of the Ways and Means Committee July 16th and 17th.

Reported favorably by Monetary Subcommittee of Banking; pending Markup in Housing Subcommittee.

CFA Opposes:

| | | |
|--|--|---|
| <i>Sugar Support Increases</i> — Legislation which would raise the price support level for domestic sugar to 15.8¢/lb, thus adding to inflation. | No action taken. | Trade Subcommittee reported to Ways and Means on June 27 by a 12-7 vote. Agriculture Committee had previously reported bill 29-9. |
| <i>Territorial Franchising</i> — Legislation which would provide an antitrust exemption to the nation's soft drink bottlers. | One day of hearings before the Senate Antitrust Subcommittee has been held with supporters testifying. | No action taken. |
| <i>Truth-in-lending Simplification</i> — A bill purported to simplify the Truth-in-Lending Act of 1969 effectively gutting one of the most important pieces of consumer legislation. | Senate passed bill and sent to House. | No action taken. |
| <i>Legislation Veto</i> — Fashionable gimmick created by Congress arming itself with power to veto proposed rules of regulatory agencies. | Senate expected to vote on amendment to FTC authorization bill which proposes to include legislative veto. | Interstate and Foreign Commerce Committee included legislative veto provision in FTC authorization and reported to floor. |



Consumer Federation of America

1012 - 14th Street NW, Washington DC 20005

Staff:

Executive Director Kathleen F. O'Reilly

Legislative Directors Gerald Hogan, Michael Podhorzer

Administrator Rita Vogler

Director of Special Events Ellen Teller

State & Local Project (Acting Director). Nancy Hock

President Ellen Haas

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Editor Nancy Hock

Contributors Denise Parker, Derek Jones, Jacob Klerman, Ellen Teller, Rita Vogler

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